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SECURITY INFORMATION

31 October 1951

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DAILY DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Dept. review completed

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SECTION 1 (SOVIET)

1. USSR. Uzbek cotton harvest reported endangered: Embassy Moscow reports on a recent Pravda Vostoka article that contained an appeal from the Uzbek Council of Ministers and Party Central Committee to all agricultural organs and workers for cooperation in averting serious cotton crop losses. Monetary and in-kind incentives are to be offered, work norms established, delivery requirements enunciated and non-rural labor forces are to be utilized. [REDACTED]

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Comment: According to the Embassy, this appeal climaxes a month long spate of critical articles which have pointed out the growing seriousness of the cotton harvest situation in Uzbekistan. The Soviet press had previously stated that Uzbekistan produced an excellent cotton crop, but that the harvest was delayed by faulty work organization and non-payment of earnings due the harvest workers. Finally, wet weather caught the agricultural organization unprepared for mass drying.

2. CZECHOSLOVAKIA. Finding of escape train leaflets reported: The US Embassy in Prague has received reports that balloon leaflets telling the story of the Czechoslovak escape train were found near Beroun and Karlovy Vary, in western Czechoslovakia. The embassy has evidence that the leaflets are being clandestinely circulated in Prague. No press, radio or government comment on the balloon release has been noted, but the general response of Czechoslovak people is to believe the story carried by the leaflets. [REDACTED]

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Comment: Balloons carrying leaflets describing the runaway train incident were released from the American Zone of Germany in late September. This is the first report from Czechoslovakia on the effects of this operation.

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and Hungarian Danube barges and tankers were being fitted out for black-out has led to a complete discounting of the information. Between March and July a dozen Danube river mariners — Czechs, Rumanians and Hungarians — were interrogated on this subject by US Navy officers in Austria. None of them had seen any blackout work being done on any of the ships nor had any heard of plans for such work. The sources stated that if such activities were being carried out it would be widely known. (C USFA Report #325 Vienna, 12 Jul 51)

- 25X1 5. Further exploitation of workers to honor October Revolution: Preparations in Hungary for the 34th anniversary of the October revolution include increased work offers by factory employees. Other features of the celebration will be the inauguration of operations at the Dunapentele Steel Works and the Inota Power Plant, an exhibition of Soviet "Works of Peace", and the recruitment of 15,000 new members for the Hungarian-Soviet Society. [REDACTED]

Comment: The standard way to celebrate a holiday in present day Hungary is to have the workers increase their production during the few weeks preceding the holiday. The increased rate of production is then used as a basis for a revision of the work norms.

- 25X1 6. POLAND. Four major airfield improvement sites found: Within a recent eight day period US Embassy officials in Poland identified four airfields in north-east Poland at which major improvements and construction were being undertaken. These four fields bring to eleven the total of known major improvement and construction projects. Three of the eleven airfields are presently occupied and eight are former German airfields not now in use. [REDACTED]

Comment: This first report of major airfield construction and improvement in north-east Poland, suggests that steps are being taken to improve the air defenses of this area as part of the overall air defense plan for Poland. Major airfield improvements are known to be underway in south-west Poland.

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SECTION 2 (EASTERN)

2. EGYPT. Soviet Minister in Cairo reportedly offers aid to Egypt: The Soviet Minister in Cairo stated to the Egyptian Foreign Minister [redacted] that the USSR would be willing to consider the exchange of Egyptian cotton for Soviet oil should Anglo-Egyptian relations be broken off, [redacted]

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The Soviet Minister also promised [redacted] that the USSR would help Egypt foment trouble with Britain in the Suez Canal and the Sudan. [redacted]

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Comment: There has been considerable evidence during the past two weeks that the Soviet Legation in Cairo and the local Communists, in addition to Moscow Radio, have attempted to exploit the current tension in Egypt. It is not possible at the present time, however, to confirm or deny many of the rumors concerning recent developments in Soviet-Egyptian relations.

King Farouk reportedly considering formation of a new Egyptian Government: King Farouk will replace the present Prime Minister and his Wafd Party colleagues with a Palace government, [redacted] Former Premier Hussein Sirry Pasha, an Independent, would be the most likely candidate for the premiership. [redacted]

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4. INDIA. Committee formed to promote the International Economic Conference in Moscow: The Indian press on 11 September reported a statement issued in Bombay the day previously by Professor D. D. Kosambi, "Member of the Bureau of the World Peace Council," and by Professor P. A. Wadia, retired member of the faculty of Wilson College, Bombay, and "Convenor of the All-India Preparatory Committee for the forthcoming International Economic Conference" to be held in Moscow. The statement, which described the purpose of the Moscow conference, listed the following members of the Indian Preparatory Committee: Ratilal Nanavati, Vice-President of the Indian Merchants' Chamber; D. L. Shah, an obscure exporter, President of the All-India Export Association; N. M. Joshi, antiquated labor leader of Bombay; Shibbanlal Saxena, outspokenly anti-government member of Parliament; S. A. Dange, leading member of the Communist Party of India; and S. S. Mirajkar, Bombay Communist. [REDACTED]

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Comment: As has been anticipated, the committee is comprised mainly of educators and Communists or Communist sympathizers rather than of bona fide economists or industrialists. It is doubtful that any Indian industrialists of note can be persuaded to attend.

5. Shipments of manganese ore to Japan get favored treatment: According to the US Minerals Attache in India, official records at the port of Visakhapatnam (from which most of India's manganese ore is shipped) show that, during the first eight months of 1951, new clients in Japan received 105,000 tons of Indian manganese ore while old customers in the United States got only 60,000 tons. This suggests that Indian ore shippers supplying Japan have been unduly favored over those exporting to the United States. [REDACTED]

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Comment: India may be expected occasionally to favor Asian purchasers over American ones. Indian favoritism in the above instance is not entirely unfavorable to the United States, however, since a significant portion of Japan's steel output is used in the Korean war. The quantity of manganese ore imported by Japan in 1951 is far in excess of normal requirements and was probably purchased during a raw materials buying spree in which Japan indulged early in 1951.

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6. BURMA. Ba Swe ambitious to become Prime Minister: According to an [REDACTED] the Secretary General of the Burma Socialist Party, U Ba Swe, is planning to run for Parliament with a view to replacing Thakin Nu as the Prime Minister. The source comments that Ba Swe believes that he can retain the support of the BWPP and prevent it from going underground and joining the Burmese Communists. [REDACTED]

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Comment: Ba Swe's extreme leftist views are well known. He has

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recently been inaccessible except to a few trusted Socialist intimates, and it is impossible accurately to access his intentions. If he stands for election there is no doubt that he will be returned, and he would then be in a position seriously to challenge Thakin Nu for the Premiership.

A Burmese Government headed by Ba Swe would reverse the current trend towards increasing cooperation with the Western powers and greatly increase Burma's vulnerability to Communist subversion.

7. MALAYA. Police official urges closer American-British teamwork: Police Commissioner Gray of the Federation of Malaya believes that closer US-UK cooperation in Malaya is essential to successful operations against Malayan Communists, and he cites several measures by which the US might demonstrate its solidarity. These measures included the despatch of a battalion of US Marines as "observers" and the assignment of a high-ranking FBI officer to the Malayan police force. The US Consulate in Kuala Lumpur was informed that these or similar proposals might be brought forward officially by the Malayan government in the near future. [REDACTED]

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8. INDONESIA. Sukarno's speech may cause delay in Netherlands-Indonesian discussions: [REDACTED]

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[REDACTED] one result of President Sukarno's United Nations Day speech will be a further delay in annulment discussions of the Netherlands-Indonesian Union. [REDACTED]

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Comment: Sukarno's hour-long UN Day speech consisted principally of an elaboration of the theme that colonial imperialism is one of the prime causes of international unrest. Reviling the Dutch record in Indonesia, he characterized the Indonesians, during their struggle for independence, as having been consistently conciliatory and the Dutch as having been coercive, uncooperative, obdurate and intransigent. The speech was delivered in English before a large audience, including the diplomatic corps.

The Indonesian Government is currently seeking the bilateral abrogation of the Netherlands-Indonesian Union within which the two nations exist as equal partners under the Dutch Crown. The Indonesians regard the Union as a vestige of colonialism.

9. Communist Chinese newspaper urges caution against deceptive tactics of "reactionary" Chinese: Sin Po, Chinese Communist daily in Djakarta, duly noted a 1 October broadcast from Peiping which included the state-

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ment, "the present urgent work for the Overseas Chinese is to unmask the Chiang group's crimes of selling out our country and undermining the Overseas Chinese...." Sin Po stated, "seeing our new mother country become more progressive and stronger day by day, and themselves approaching eclipse, the reactionaries can only attempt to undermine and intimidate our compatriots. They fear closer diplomatic ties between New China and Indonesia. Therefore, we Overseas Chinese must unmask their nefarious face and not be deceived by them." [REDACTED]

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Comments: It is estimated that one-third of the Overseas Chinese in Indonesia are strong adherents of the Chinese Communist regime, one-third are uncommitted but easily swayed by the course of events, and one-third are pro-Nationalist or anti-Communist. The increasingly vigilant attitude of the Indonesian Government in recent months toward Communism and the Chinese Communists has undoubtedly inspired optimism among anti-Communist Chinese and given them some edge over the Communists in approaching the politically uncommitted group in the Chinese community.

10. THAILAND. Recent predictions of coups d'etat discounted: The possibility that Thai political elements will stage a coup d'etat in the near future is considered remote [REDACTED] points out that there are insufficient armed forces available to "would-be plotters" to ensure success of such a venture. [REDACTED] believes that it is unlikely that local Chinese Communists will attempt overt action unless assured that Communist China is prepared to invade Thailand. [REDACTED]

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Comment: The conclusions contained in this report are well-founded and are generally supported by an evaluation of the situation in Thailand recently submitted [REDACTED]

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The possibility remains, however, that violence will occur as a result of the constant rivalry for power among the various factions within the Thai Government which control the police and military forces.

11. INDOCHINA. Antagonism seen between Chinese Communists and Viet Minh: The US Legation in Saigon estimates that the Chinese Communist relationship with the Viet Minh is not the perfect association which has often been pictured. Evidence is available that the overwhelming majority of Viet Minh adherents dislike and fear the Chinese Communists and that the Viet Minh leaders have resented the interference of political advisers and "administrators" through whom the Chinese have attempted to guide Viet Minh policy. The Legation warns against the conclusion that a serious rupture has already taken place, but comments that current friction may

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25X1 assume serious proportions more rapidly than has heretofore been thought possible. [REDACTED]

Comment: Reports have been received periodically of antagonism between Chinese Communist advisers and Viet Minh officials, and of rank and file resentment of Chinese instructors. Such hostility, which has deep historical roots, probably limits the numbers and influence of the Chinese Communists in the Viet Minh movement.

25X1 12. CHINA. Indications of Peiping's preparations for world war cited: The US Consul-General in Hong Kong believes that recent Chinese Communist statements, as well as reports from the mainland, indicate that the Peiping regime is increasingly taking a long view and preparing for a possible world war. He feels that Peiping's efforts to build defense installations, to train and equip the CCF, to organize militia, to wipe out opposition, to push land-reform, and to extract money for armaments are "not primarily" for operations in Korea or against Formosa. The Consul-General speculates that Peiping's willingness to negotiate in Korea may indicate a desire for respite in order to build up the regime's overall strength. [REDACTED]

Comment: An authoritative Soviet journal recently stressed that war is not necessarily inevitable. There is no doubt, however, that Peiping's political-economic-military program is designed to prepare for the possibility of global war. It may be speculated that Moscow and Peiping have decided that it is unprofitable to dissipate Peiping's human and material resources, and to risk the crippling of the Chinese military establishment, in peripheral ventures in Korea or in Southeast Asia. However, Peiping's true intentions are not known, and large-scale Chinese operations in both Korea and Southeast Asia remain possible at any time.

25X1 13. Peiping proposes exchange of Europeans in China for Chinese in Malaya: Indian Ambassador Panikkar has reportedly informed the British authorities in Hong Kong of a Chinese Communist proposal to exchange all "Europeans" now detained in Communist China for Chinese imprisoned in Malaya. [REDACTED]

Comment: Apart from UN POW's taken in Korea, about 20 US nationals are imprisoned in Communist China, another 30 are under house arrest, and possibly 150 are unable to obtain exit permits; as many as 100 other foreign nationals of all kinds may be in similar situations. Several hundred Chinese, apprehended in terrorist activities in Malaya, have been jailed by the British authorities. It is conceivable that Peiping has proposed or will propose an exchange of all or some Europeans held in China for

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Chinese held in Malaya and other Southeast Asian areas, but this alleged proposal has not been confirmed [REDACTED]

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14. Peiping launches movement to "reform ideology" of university teachers: The Peiping regime has launched a study program aimed at "reforming the ideology" of Chinese university teachers. The four month course is to involve a study of basic Communist works and a thorough "criticism and self-criticism" of each participant's theory and practice. Peiping radio has commented that, while most teachers have accepted the "general political principles of new democracy," they retain "some European and American capitalist ideology" which must be eradicated.

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[REDACTED]

Comment: Some 3,000 of China's estimated 10,000 teachers at the university level have begun to reform their ideology in the new program, which will doubtless extend to the remainder. University teachers have been reported as generally antagonistic to the regime. The systematic imposition of the Communist world-view, regarded by most of these teachers as barbarous and farcical, will complete their process of disaffection, but it is not likely that the teachers, unqualified for other work, will actively resist the Communist program.

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SECTION 3 (WESTERN)

1. EAST GERMANY. Results of economic plan show decline in rate of fulfillment: Economic results for the third quarter of 1951 under East Germany's Five Year Plan were announced on 26 October. Although the government claims that several targets were fulfilled and over-fulfilled, there is a marked deficiency in the machine construction and electro-engineering industries. The planned production quotas of pit coal were not achieved. The harvest, by and large, was good. In general, the report shows a lower rate of plan fulfillment than in the previous two quarters. The failure in the machine industry is particularly important, but is partially explained by the emphasis on the metallurgical industry. [REDACTED]

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2. FRANCE. Schuman plans only to sketch federation scheme at Strasbourg: Despite Foreign Minister Schuman's recent announcement that France would propose a European federation at the November Council of Europe session, the US Ambassador in Paris believes that the French Government is still undecided as to the time and method of launching such a plan. The Foreign Minister has indicated that his initiative at Strasbourg would be a personal one, by which he would introduce the problem only in "summary fashion" and in order to use the Council of Europe as a "laboratory" for a discussion.

Nevertheless, while the federation scheme fits principally into long-term French policy trends, its advancement may now be accelerated by French leaders in order to persuade Parliament that a united Europe which the prospective European Army can defend is being created. [REDACTED]

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Comment: British coolness toward European federation retarded French plans for achievement of this objective. The progress made toward economic and military integration, however, together with the UK's more benevolent attitude in recent months and Churchill's return to power, is encouraging the proponents of closer political ties.

3. ITALY. Issue of employee dismissals threatens anti-Communist labor unity: The Communist and anti-Communist labor organizations are engaged in a bitter dispute over the mass dismissals scheduled for employees of Breda's electrical plant near Milan. The company has worked out with the Labor Ministry a reorganization plan whereby it would dismiss with bonus payments 3,000 of its 12,000 workers. Half of those dismissed would be placed in training schools.

The Communist-dominated General Labor Confederation (CGIL) and the democratic Socialist Union of Labor (UIL) have rejected the plan, and have

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denounced the Christian Democratic workers' organization (CISL) for accepting it and for alleged collusion with the government. The CGIL has called a 24-hour protest strike in all Milan metallurgical plants. [redacted]

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Comment: The CGIL has consistently fought, frequently with strike action, large-scale layoffs of employees in the heavy industries of North Italy where Communist strength among the workers is greatest. By its stand on the purely economic issue involved in the Breda case, the CGIL will enhance its own prestige among labor. Moreover, by securing the UIL's support in denouncing the CISL, it will make the formation of a strong anti-Communist labor front more difficult.

4. Local elections for south Italy to be held next spring: Interior Minister Scelba has stated that the municipal and provincial elections for south Italy will be held in the spring of 1952. This will complete the series of elections begun in north and central Italy in May-June of this year. [redacted]

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Comment: Rumors that the south Italian elections originally scheduled for this fall would probably be postponed until spring had recently been confirmed by a high official in Premier de Gasperi's Christian Democratic Party. The spring elections will serve as a gauge of Communist strength, which showed an increase in the May-June elections in north and central Italy. A favorable showing by the government in the spring elections would strengthen the position of those Christian Democrats who wish the next national elections to be held in the fall of 1952 rather than in the spring of 1953. [redacted]

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5. SWITZERLAND. Swiss elections for National Council show little change: The elections to the lower house of the Swiss Parliament show little shift in the political sentiments of the voters. With 49 of the 196 seats still to be decided, the Conservatives have gained three seats, the Peasant Party and Social Democrats have each gained two, while the Independents, the Radicals, the Liberals, and the Democrats have each lost one.

The Swiss Communist Party lost two of its seven seats. It won only one seat in Lausanne instead of the three it won four years ago. Two Communists were elected in Geneva, and one each in Basel and Zurich.

All parties, including the Communist, were agreed on a traditional policy of neutrality. The Communists, however, campaigned against Swiss rearmament. [redacted]

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Comment: As anticipated little political shift has actually occurred as a result of the elections. The Communists' retention of five out of

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the seven seats they held is surprising in view of the drastic decline in party strength which has been reported for some time.

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8. COLOMBIA. Urdaneta may succeed Gomez as President: President Gomez suffered a heart attack on 29 October; his present condition is unknown. Congress was convoked at 2200 hours on 30 October to elect a Vice-President, who will probably be Minister of Government Urdaneta, already Vice-President under a 1950 decree. Departmental governors have been alerted, and the army in Bogota has been confined to garrisons. [REDACTED]

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Comment: Gomez's health has been known to be precarious since September 1950, and Minister of Government Roberto Urdaneta has consequently had an important voice in governmental decisions for some time. Urdaneta is a strong Hispanophile, but he would be unlikely to change the present pro-US orientation of the Colombian Government.

Although the replacement of Gomez would increase prevailing unrest to some extent, and although sporadic outbreaks of violence, frequent in recent years, may be expected to recur, the opposition Liberal Party has lost

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power and influence to such a degree that it is probably not now capable of even a determined attempt to overthrow the government.

- 25X1 9. ECUADOR. Twenty-four-hour strike adds to political unrest: According to press reports, 70,000 Ecuadoran workers went on a 24-hour strike throughout the country in a protest against Congress on 29 October. The Confederation of Ecuadoran Workers called the strike because Congress failed to adopt a program demanded by the union. The union program called for changes in road conscription laws, additional social security legislation, strengthening of civil service, a general increase in wages, price controls, and revisions in the income tax laws. [REDACTED]

25X1 Comment: The total membership of the Communist-controlled Confederation of Ecuadoran Workers is approximately 70,000, and it is likely that only about 20,000 were out on strike. Nevertheless, the strike reportedly affected many stores and all transportation facilities. The presently tense atmosphere will continue so for several days. Repercussions of an attempt to assassinate Guevara Moreno on 25 October have added to the general unrest, particularly in the key port city of Guayaquil [REDACTED]

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- 25X1 10. NICARAGUA. New Communist weekly being published: A Communist-line weekly newspaper called Orientacion has begun publication in Managua. [REDACTED] reports that the paper is the new mouthpiece of the Communist Party and is intended as a successor to Voz Sindical, the defunct organ of Nicaragua's General Confederation of Labor. The US Embassy comments that the contents and number of copies printed appear to confirm the view that the Communist Party has embarked on a new campaign to propagate the Kremlin's line in Nicaragua. The close similarity between Communist propaganda in other countries and that now appearing in Orientacion further suggests that the coordination and contacts of the Communist Party with similar Communist organizations outside Nicaragua have recently been improved. [REDACTED]

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25X1 Comment: The publication of this new weekly following, as it does, closely behind the circulation of the Communist-line handbill at the Fourth Latin American Regional Conference on Non-Governmental Organizations of the United Nations confirms the Embassy's conclusion and presages a period of renewed activity on the part of Nicaraguan Communists.

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SECTION 2 (EASTERN)

1. IRAN. Moderates in Iran campaign to remove Mossadeq: Minister of Court Ala reports that Iranian political moderates are planning a campaign to replace Prime Minister Mossadeq by Ahmad Qavam, to whom the Shah has privately given his support. The moderates hope to accomplish their aim by persuading Mossadeq to retire upon his return to Iran, or by using normal parliamentary methods to unseat him.

25X1 The Shah would hesitate to remove Mossadeq if the latter were to rid himself of unsavory advisers and transfer Iranian nationalist sentiment into constructive channels. However, he would feel compelled to remove Mossadeq should the latter continue to insist on his present policy. [REDACTED]

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Comment: When Mossadeq returns, he will face opposition from elements within his own party as well as from the moderates and the left. Previous opposition to Mossadeq, however, has quickly evaporated. Unless the opposition can manage to enlist whole-hearted nationalist support, it seems highly unlikely that the Prime Minister can be easily removed.

2. Iranian Foreign Minister asserts that Iran's stand on the oil dispute remains unchanged: The Iranian Foreign Minister informed the US Ambassador in Iran on 29 October that there had been no change in his government's attitude on the oil dispute. The Minister reiterated that the only points on which Iran would negotiate with the British were those concerning the future allocation of oil to Britain and compensation due the AIOC for the nationalized properties. The development, extraction and processing of Iranian oil were internal matters and not subject to negotiation with Britain. [REDACTED]

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Comment: There is no reliable evidence to indicate that there has been any weakening of the Iranian attitude in the oil dispute.

3. INDOCHINA. De Lattre blamed for lack of Vietnamese mission in US: The Vice-Premier of the Vietnamese Government told Minister Heath that Premier Huu had thus far refused to appoint a minister to the US out of deference to the wishes of General De Lattre. [REDACTED]

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Comment: The strong suspicion which General De Lattre has displayed with respect to US policy in Indochina lends plausibility to this report. Rivalries among Vietnamese politicians may have been a contributing factor.

4. JAPAN. Soviet diplomatic personnel to get special identification cards: The

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Department of State has informed the US Political Adviser in Tokyo that it favors SCAP's plan to issue distinctively colored identification cards to Soviet diplomatic personnel as a measure to emphasize that their presence in Japan is only by virtue of the USSR's membership in the Allied Council. [REDACTED]

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Comment: All diplomatic personnel in Japan except the Soviets are accredited to SCAP. With the coming into force of the peace treaty the raison d'etre of the Allied Council will be ended, and the continued presence of Soviet diplomatic personnel in Japan presumably will be subject to negotiation between Japan and the USSR. As a first step toward independent contact with the Japanese Government, the Soviet Member of the ACJ has extended an invitation to high Japanese officials to attend a social event at the Soviet Embassy on 7 November, thus assuming the privileges recently granted by SCAP to the accredited foreign missions.

SECTION 3 (WESTERN)

5. FRANCE. Parliament reported hostile to German NATO membership: If the French National Assembly suspects that German accession to NATO is implied in French ratification of the European Defense Forces, the government will suffer a severe defeat when this question is debated in the near future, according to the US Embassy in Paris. [REDACTED]

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Comment: While the attitude of the French Foreign Office on this issue has changed completely in the past two years, popular opinion is still violently opposed to German participation in NATO.

The government hopes to sidestep the question during the forthcoming foreign policy debates in Parliament and thereby to gain time for a gradual conversion of public opinion.

6. SWEDEN. Swedish official hopeful regarding Polish trade negotiations: The American Embassy in Stockholm reports that the Swedish Assistant Foreign Minister gives the impression that he hopes to reach an agreement with Poland on terms somewhat better than the present agreement, but including a substantial amount of List I bearings. [REDACTED]

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Comment: During the trade year ending on 31 October Sweden obtained approximately 3,200,000 tons of coal and 200,000 tons of coke from Poland; Swedish exports included 700,000 tons of iron ore (worth six million dollars) and bearings valued at one million dollars, including 600,000 dollars worth of List I bearings. It is doubtful whether Sweden could, even if it so desired, completely replace Polish coal with supplies from other sources. However, Sweden "regards a trade agreement as necessary for political and strategic

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reasons"; and therefore it is evidently prepared to export a certain quantity of bearings and iron ore to Poland in order to obtain an agreement.

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